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NATIONAL RESTAURANT ASSOCIATION

# FOODSERVICE TRENDS

Volume 1, Number 11
December 1979

*analysis and interpretation*
- the industry
- the market
- consumer behavior and attitudes

## NRA's 1980 FORECAST

- **1980 Foodservice Industry Sales to Equal $112.2 Billion**
- **The Next Decade: What Lies Ahead For The Foodservice Industry—A Special supplement to *Foodservice Trends***
- **1980 Economic Outlook**
- **Industry Sales Top $100 Billion in 1979**
- **Industry Sales Double In The Seventies**
- **1980 Food Supply and Price Outlook**

## 1980 FOODSERVICE INDUSTRY SALES TO EQUAL $112 BILLION

### Highlights

**NRA's 1980 Foodservice Industry projection—recessionary pressures will cause the rate of growth for sales in current dollars to be below average in the first half but sales growth in the second half will be substantially better as the economy begins to expand.**

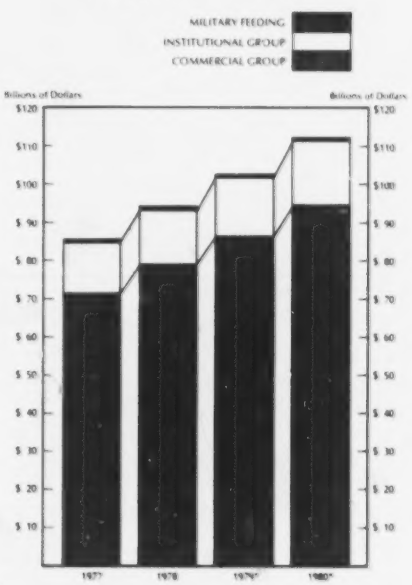
- **Foodservice industry sales are projected to equal $112.2 billion in 1980, a 9.1 percent increase over 1979.**
- **Sales for the Commercial Feeding Group are forecast to rise 9.3 percent to $94.6 billion in 1980, while the Institutional Feeding Group progresses at a lower growth rate of 8.0 percent.**
- **Eating place sales, which account for nearly 60 percent of the industry's total sales, are projected to increases 9.9 percent next year, slightly higher than the 9.4 percent gain in 1979.**
- **Advances in menu prices should moderate in 1980, rising about 9.7 percent versus 11.0 percent this year.**
- **The rate of real growth for eating place sales, adjusted for inflation, will be a moderate 0.2 percent, registering substantial improvement from the real sales decline of 1.6 percent in 1979.**
- **Sales, in current dollars, for limited menu restaurants, which include most fast food establishments, will post an increase well above the industry average—rising 12.4 percent compared to 9.1 percent.**

NRA presents its fourth annual forecast for the size and scope of the foodservice industry by market segments in the coming year. As with the previous forecasts, projections are also given for total sales volume, menu price increases and real sales growth for eating places, the most prominent sector of the industry. In this issue, we show revised projections for 1979 and final sales figures for 1977. Based on recently received data from the 1977 Census of Retail Trade we have revised our 1977 sales estimates for the five eating place categories. (Readers should be aware that NRA's 1977 sales estimates for eating places were only 2.8 percent higher than the five year Census figures, and more accurate than the monthly current retail sales figures published by the Bureau of the Census.)

Our aim with this issue of *Foodservice Trends* is to provide operators with a detailed outlook for next year and highlights of trends to watch for in the next decade. The information presented here can be a guide in comparing the relative growth prospects for the various components of the industry.

We classify the foodservice industry into three major groupings—Commercial, Institutional and Military. Definitions of these groups can be found on page 3.

### Foodservice Industry Sales Projected to 1980




*Projected

Industry sales in 1977 and projections for 1979 and 1980 are shown in the table on page 5 along with the percent change in sales between 1979 and 1980. Compound annual growth rates for 1977 to 1980 are intended to give a longer range sales trend.

The following commentary presents our projections for 1980 and highlights underlying trends and factors stimulating industry growth.

A word of caution is necessary with all forecasts, however. Sales estimates for 1980 are based on the best available data as of November 1979. If the economic outlook or the food situation changes during the coming year, as was the case in 1979, then our predictions for industry sales will also change.

## Foodservice Industry in 1980

Inflationary pressures, the adverse impact of the recession and spot gasoline shortages will affect foodservice operators in 1980. While these factors may exert negative pressure on the industry next year, we believe that the foodservice industry can find ways to counteract them. We have considered these things in developing our quantitative forecast for the industry.

Our forecast assumes that there will be no major gasoline shortage, although spot shortages may occur. The exact impact of such shortages depends on when and where the shortages occur. For example, gasoline shortages in the summer will be more harmful since the summer months are the high sales months for the industry and because our industry is highly dependent on vacation travel in June, July and August.

The impact of next year's recession is also difficult to determine at this time. We do believe that the industry will respond somewhat differently to the 1979-1980 recession than it did to the 1973-1974 recession. The composition of the industry has changed slightly and there are now approximately 30,000 more fast food outlets. This means declines or a slowing of sales will be spread over more units, some of which may be extremely vulnerable to a drop in sales. In addition, eating out is becoming more of a habit as well as being perceived as a form of entertainment, and as a result consumers will continue to eat out. This recession will also find consumers spending more of their disposable income on energy-related products such as gasoline and heating oil as well as repaying a portion of the record level consumer debt they have incurred in recent years, leaving less disposable income for luxuries.

Menu prices will be rising faster than grocery store prices in 1980, resulting in foodservice establishments losing the competitive price advantage they have enjoyed over grocery stores in 1978 and through part of 1979. Some consumers, in an attempt to control their expenditures, may, therefore, cut back on eating out.

Operating costs in 1980 will also advance. The mandated rise in the minimum wage from $2.90 to $3.10 and the reduction in the maximum allowable tip credit from 45 percent to 40 percent due to take effect on January 1, 1980, will exert upward pressure on labor costs next year. Food prices at the wholesale level for eating places are estimated to rise 9.0 percent in 1980, primarily the result of rising distribution costs and continued increases in the price of beef. In addition, spot food shortages due to weather related factors are likely to occur and cause some disruptions in food supplies for our industry. Energy prices are expected to be up 22.4 percent, and these too will contribute to the rise in operating costs.

We believe that the foodservice industry can capitalize on these factors which will be affecting it in 1980. We see continued use of advertising and promotions by operators as a means to maintain and improve customer traffic. In addition, some of the advertising will be specifically aimed at picturing eating out as a form of entertainment. In recessionary periods the public looks for relatively inexpensive forms of entertainment as a means to escape from the realities of the economic decline, and eating out qualifies as such a form of entertainment. Other advertising will concentrate on showing consumer's that the meal they eat away from home is a good value for their money. This could be particularly successful for operators since many consumers will be closely examining their food expenditures. Advertising during spot gasoline shortages will feature foodservice establishments with convenient locations and will show consumers that they can combine their shopping trip with dining out.

NRA FOODSERVICE TRENDS

| | |
|---|---|
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## Foodservice Industry Sales: $112.2 Billion in 1980

After reviewing the foodservice operating and economic environment in 1980 as detailed in the previous section and in an accompanying article on page 15, NRA estimates that total foodservice industry sales will increase to $112.2 billion next year, for a gain of 9.1 percent over 1979. Sales for the Commercial Group will approximate $94.6 billion, an increase of 9.3 percent, while Institutional food and drink sales will advance 8.0 percent to $16.8 billion.

Among the growth leaders in the Commercial sector are **limited menu restaurants** whose projected 1980 sales gain of 12.4 percent is well above the industry average. During the period from 1977 to 1980 limited menu restaurants are projected to have average annual sales gains of 13.2 percent, making this "fast food" group the primary industry component responsible for gains in eating away from home. These units, the second largest industry sector behind restaurants and lunchrooms, are expected to post sales of $27.4 billion in 1980, an increase of over $3.0 billion from 1979.

Food and drink sales for the Institutional Feeding Group are predicted to rise at an average annual rate of 8.7 percent during the three year period between 1977 and 1980. Institutions can keep their food costs down by varying their menus to include more lower cost food items. Institutional populations are moderating; however, decreasing the potential for future sales gains.

## Eating Place Sales Expected to Rise 9.9% in 1980

The outlook for food and drink sales in eating places, which account for nearly 60 percent of the foodservice industry total, will be affected by consumer confidence in their financial situation, the rate of increase of personal consumption expenditures, overall inflation and the rate of gain in personal and disposable income. (See accompanying article on the 1980 Economic Outlook.) Based on the outlook for the general economy, consumer behavior and income growth, we expect 1980 eating place sales to rise by 9.9 percent, outpacing growth for both GNP and personal income.

One of the premises of our 1980 forecast is that the gain in eating place sales will exceed personal income growth. This assumption appears reasonable when we note that durable goods expenditures are projected to rise only 4.3 percent next year, housing starts will be down and consumers will slow down in their assump-

## NRA FOODSERVICE INDUSTRY—TERMS OF REFERENCE

There are many ways to define the components of the foodservice industry. We have chosen a way that seems reasonable to us, but we recognize that this is a very complex industry and that there are several communities of industry participants. NRA's approach breaks the elements of the foodservice industry into many fine segments so that any industry participant can recombine them into different major groups or subgroups to suit his particular needs. Groupings are to some extent arbitrary, and the categories rarely have neat, sharp boundaries. We have, however, followed the definitions of the 1977 Census of Retail Trade where applicable.

The three major foodservice groupings used by the NRA in its analysis of the industry are as follows:

**COMMERCIAL FEEDING (GROUP I):** This group comprises those establishments which are open to the public, are operated for profit and which may operate facilities and/or supply meal service on a regular basis for others. Commercial feeding accounts for nearly 85 percent of the sales, and includes eating and drinking places, foodservice contractors, hotel and motel restaurants and restaurants in department stores, drug stores, etc.

**EATING PLACES:** Dollar sales for eating places are for those with payroll only. Thus our figures may be slightly lower than estimates which include all establishments. Our dollar volume estimates for eating places refer to restaurants and lunchrooms, commercial cafeterias, limited menu restaurants, ice cream and frozen custard stands and social caterers. They do not include contract feeders, which are shown separately, although the Bureau of the Census data include contract feeders in their eating place category.

**INSTITUTIONAL FEEDING (GROUP II):** This group comprises the business, educational, government and institutional organizations which operate their own foodservice. Food is provided as an auxiliary service to complement their other activities. While some establishments operate at a profit, this is not the aim of the foodservice activity. Rather, they serve food principally as a convenience for their own employees, students, patients, etc.

**MILITARY FEEDING (GROUP III):** This group comprises the sales of food and beverages at officers' and NCO clubs and military exchanges, as well as defense foodservice to the troops. This group has been shown separately because most suppliers treat it as a distinct entity for sales purposes.

tion of new debt. Although our economy will be in a recession at least through the first half of 1980, past history has shown that while total consumer spending would be adversely affected, spending for non-durables and services, such as restaurant meals, suffer less than spending for durable goods such as automobiles.

We also believe that the continuing trend toward more working women will be beneficial to eating place sales because dining out is perceived as a form of entertainment as well as a matter of convenience. This will help to insure that eating out by consumers will continue in spite of the economic downturn. While unemployment will rise next year, we believe that most of the increased numbers of unemployed will be among the young, new entrants to the labor force. Because these young, new entrants have less earning power than current workers, the impact on foodservice industry sales will be lessened. Also, we do not anticipate any large scale lay-offs other than in the auto and steel industries for extended periods of time.

NRA anticipates that eating place sales gains will be poor in the first quarter of 1980 due to the recession, especially when compared to the very strong sales gains (13.7 percent) registered in the first three months of 1979. Anticipating a possible strengthening of the economy late in the second quarter, we should see sales making some gains and continue strong through the third quarter. The economy should be expanding in the fourth quarter, providing further impetus for eating place sales.

Menu prices in 1980 are expected to increase 9.7 percent, considerably lower than the rise experienced in 1979. We calculate our increase in menu prices by using a formula which attributes 40 percent of the increase to changes in food costs, 30 percent to changes in labor costs, 5 percent to energy costs and 15 percent to other operating costs. We estimate that labor costs will rise 9.0 percent, due in part to the increase in the Federal minimum wage from $2.90 to $3.10 per hour and a reduction in the tip credit from 45 percent to 40 percent. In addition, we anticipate that wholesale food costs will be up 9 percent, energy costs up 22.4 percent and all other costs up 8.5 percent. Assuming menu prices average 9.7 percent higher, eating places would attain real sales growth of 0.2 percent in 1980, considerably better than the 1.6 percent decline experienced in 1979.

Among eating places, **commercial cafeterias** are forecast to advance only 6.7 percent next year, while **restaurant and lunchroom** sales will increase by $2.7 billion. **Ice cream and frozen custard stands** continue to do well, and sales will be up 10.1 percent in 1980. As previously mentioned, **limited menu** sales are forecast to advance 12.4 percent.

## Food Contractors in Recreation and Sport Centers Expected to Perform Well in 1980

The remaining portion of this report concentrates on foodservice sales for categories of the Commercial Group other than eating places and all categories of the Institutional and Military Groups. We have used the services of Malcolm Knapp, Inc. in developing the 1980 forecast for these specific sectors.

Food contractors in **recreation and sports centers** are expected to have strong sales gains next year as consumers look for entertainment in an attempt to escape the pressures brought on by the recession. We anticipate sales will rise 12.6 percent from 1979 to 1980.

Food contractors in the **airline** industry will have sales increases of only 9.1 percent in 1980, considerably below the three year average of 12.5 percent. Air traffic is expected to be up only 2.5 percent due to higher air fares as well as the overall economic health of the U.S.

In 1980, total employment should remain relatively

**1980**
**Commercial Feeding**
**$94.6 Billion**

**1980**
**Institutional Feeding**
**$16.8 Billion**

# The Food Service Industry—Food and Drink Sales Project to 1980

| | 1977 Estimated F&D Sales (000) | 1979 Projected F&D Sales (000) | 1980 Projected F&D Sales (000) | 1979-1980 Percent Change | 1977-1980 Compound Annual Growth Rate |
|---|---|---|---|---|---|
| **GROUP I—COMMERCIAL FEEDING[1]** | | | | | |
| EATING PLACES | | | | | |
| Restaurants, Lunchrooms | $27,287,568 | $ 32,164,093 | $ 34,865,877 | 8.4 | 8.5 |
| Social Caterers | 692,536 | 745,369 | 772,202 | 3.6 | 3.7 |
| Commercial Cafeterias | 1,765,628 | 1,996,418 | 2,130,178 | 6.7 | 6.5 |
| Limited Menu Restaurants (Refreshment Places) | 18,899,388 | 24,356,086 | 27,376,241 | 12.4 | 13.2 |
| Ice Cream, Frozen Custard Stands | 919,030 | 1,186,340 | 1,306,160 | 10.1 | 12.4 |
| TOTAL EATING PLACES | $49,564,150 | $ 60,448,306 | $ 66,450,658 | 9.9 | 10.3 |
| Bars and Taverns | 6,421,258 | 7,055,677 | 7,387,294 | 4.7 | 4.8 |
| Eating & Drinking Places | $55,985,408[2] | $ 67,503,983 | $ 73,837,952 | 9.4 | 9.7 |
| FOOD CONTRACTORS | | | | | |
| Manufacturing & Indus. Plants | $ 1,609,817 | $ 1,943,757 | $ 2,108,976 | 8.5 | 9.4 |
| Commercial & Office Bldgs. | 421,995 | 524,117 | 571,812 | 9.1 | 10.7 |
| Hospitals and Nursing Homes | 615,717 | 745,002 | 806,092 | 8.2 | 9.4 |
| Colleges & Universities | 822,745 | 976,606 | 1,069,384 | 9.5 | 9.1 |
| Primary & Secondary Schools | 482,371 | 562,636 | 605,396 | 7.6 | 7.9 |
| In-transit Feeding (Airlines) | 341,069 | 444,659 | 485,123 | 9.1 | 12.5 |
| Recreation & Sports Centers | 695,045 | 877,109 | 987,625 | 12.6 | 12.4 |
| | $ 4,988,759 | $ 6,073,886 | $ 6,634,408 | 9.2 | 10.0 |
| Hotel Restaurants | $ 2,679,949 | $ 3,304,521 | $ 3,641,582 | 10.2 | 10.8 |
| Motor Hotel Restaurants | 657,219 | 811,792 | 893,783 | 10.1 | 10.8 |
| Motel Restaurants | 1,479,530 | 1,801,559 | 1,974,509 | 9.6 | 10.1 |
| | $ 4,816,698 | $ 5,917,872 | $ 6,509,874 | 10.0 | 10.6 |
| Retail Host Restaurants[3] | $ 2,887,733 | $ 3,402,614 | $ 3,678,226 | 8.1 | 8.4 |
| Recreation & Sports[4] | 1,004,613 | 1,245,093 | 1,395,749 | 12.1 | 11.6 |
| Mobile Caterers | 333,410 | 415,176 | 437,180 | 5.3 | 9.4 |
| Vending & Nonstore Retailers[5] | 1,683,460 | 2,009,824 | 2,166,590 | 7.8 | 8.8 |
| **TOTAL GROUP I** | **$71,700,081** | **$ 86,568,448** | **$ 94,659,979** | **9.3** | **9.7** |
| **GROUP II—INSTITUTIONAL FEEDING-BUSINESS, EDUCATIONAL, GOVERNMENT OR INSTITUTIONAL ORGANIZATIONS WHICH OPERATE THEIR OWN FOODSERVICE** | | | | | |
| Employee Feeding[6] | $ 1,245,296 | $ 1,487,288 | $ 1,603,296 | 7.8 | 8.8 |
| Public & Parochial Elementary & (Secondary Schools) | 1,793,269 | 2,033,791 | 2,176,156 | 7.0 | 6.7 |
| Colleges & Universities | 1,708,377 | 1,990,806 | 2,169,978 | 9.0 | 8.3 |
| Transportation | 421,635 | 527,250 | 570,484 | 8.2 | 10.6 |
| Hospitals[7] | 5,012,057 | 6,004,063 | 6,472,380 | 7.8 | 8.9 |
| Nursing Homes, Homes for Aged Blind, Orphans, Mentally & Physically | 1,787,712 | 2,190,685 | 2,385,656 | 8.9 | 10.1 |
| Handicapped[8] | 895,347 | 1,037,411 | 1,113,142 | 7.3 | 7.5 |
| Clubs, Sporting & Recreational Camps | 257,830 | 327,470 | 364,147 | 11.2 | 12.2 |
| Community Centers | | | | | |
| **TOTAL GROUP II** | **$13,121,523** | **$ 15,598,764** | **$ 16,855,239** | **8.0** | **8.7** |
| **TOTAL GROUPS I AND II** | **$84,821,604** | **$102,167,212** | **$111,515,218** | **9.1** | **9.6** |
| **GROUP III—MILITARY FEEDING[9]** | | | | | |
| Officers & NCO Clubs ("Open Mess") | 377,989 | 404,874 | 431,191 | 6.5 | 4.5 |
| Food Service—Military Exchanges | 193,469 | 208,192 | 223,806 | 7.5 | 5.0 |
| **TOTAL GROUP III** | **$ 571,458** | **$ 613,066** | **$ 654,997** | **6.8** | **4.7** |
| **GRAND TOTAL** | **$85,393,062** | **$102,780,278** | **$112,170,215** | **9.1** | **9.5** |

**FOOTNOTES**

[1]Data are given only for establishments with payroll

[2]Food and drink sales for nonpayroll establishments totaled $1,868,879,000 in 1977.

[3]Includes drug and proprietary store restaurants, general merchandise store restaurants, variety store restaurants, food store restaurants, and grocery store restaurants, gasoline service station restaurants and miscellaneous retailers.

[4]Includes drive-in movies, bowling lanes, recreation and sport centers.

[5]Includes sales of hot food, sandwiches, pastries, coffee and other hot beverages.

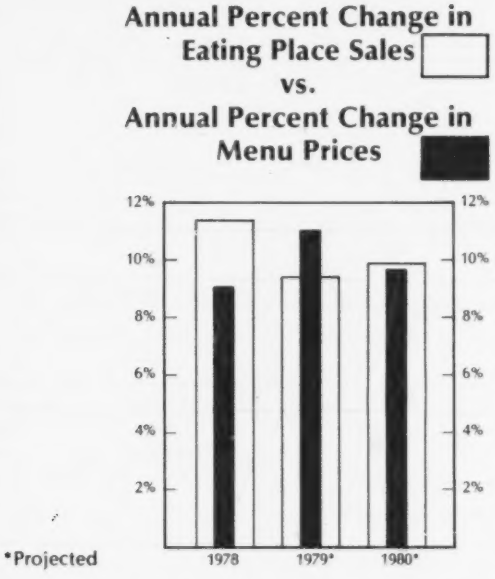
[6]Includes industrial and commercial organizations, seagoing and inland waterway vessels.

[7]Includes voluntary and proprietary hospitals, long term general, TB, nervous and mental hospitals and sales or commercial equivalent to employees in state and local short term hospitals and Federal hospitals.

[8]Sales (commercial equivalent calculated for nursing homes and homes for aged only. All others in this grouping make no charge for food served either in cash or in kind.

[9]Continental U.S. only.

SOURCE: Development of statistical data presented in this table was carried out by Malcolm Knapp, Inc. under contract with the National Restaurant Association.




*Projected

unchanged from 1979, although we do expect some furloughing to occur at auto assembly plants and steel mills. Therefore, food contractor sales in **office buildings** will be up 9.1 percent and contractor sales in **manufacturing and industrial plants** will increase only 8.5 percent. Both these advances are considerably below their respective three year average annual gains.

Foodservice contractors in **hospitals and nursing homes** will also experience slower sales growth in 1980 than during the 1977-1980 period, 8.2 percent versus 9.4 percent. A continuing decline in patient count as well as the fact that most desirable accounts are taken are the primary causes for the slower sales growth. A trend toward health care organizations which manage multiple facilities could provide some future growth potential for contractors, however.

Enrollment continues to decline in elementary schools at about 1.5 percent per year and in high schools at 0.9 percent. Parochial school enrollment shows potential for only a modest increase. **Contract school feeding** will, therefore, register only a 7.6 percent gain and continue as one of the least attractive foodservice businesses.

Enrollment in **colleges and universities** is expected to be up 0.5 percent. Food contractors are responding to the preferences of students by offering more health foods and salads. As a result, contractors' sales will rise 9.5 percent in 1980, slightly better than the three year average annual increase of 9.1 percent.

**Hotels, motor hotels and motels** are projected to show increased sales of 10 percent between 1979 and 1980, slightly below the three year average. We anticipate a reduction in tourist travel due in part to higher airline fares and generally high gasoline prices. Convention business, however, should remain strong as will tourism from overseas for such entry cities as New York, Chicago, Los Angeles and San Francisco. New hotel construction in 1980 will take place predominately in major metropolitan areas.

Food and drink sales at **retail host restaurants** will rise about 8.1 percent compared to their three year average annual gain of 8.4 percent. This relatively low increase reflects the decreasing number of shopping trips that consumers will be making in 1980 and their more specific shopping plans which will not leave as much room for impulse food buying as in prior years. Retail host foodservice operators are making efforts to compete with freestanding restaurant operations. Their efforts are not likely to be fully rewarded in 1980, at least among stores carrying durable goods; however, convenience food stores will continue to expand their foodservice efforts.

Sales from **vending operations** are projected to be up only 7.8 percent in 1980; and when food cost increases are considered, this represents a real sales decline. Flattening of unit sales because of price increases and little gain in the number of employed persons will contribute to the poor sales performance for vending operators.

**Mobil caterers** are expected to show a poor 5.3 percent increase in sales, well below the 9.4 percent three year average, because they are heavily dependent on construction and manufacturing employment. Construction employment will be down for most of 1980 because of the slowdown in residential building, while lay-offs in heavy manufacturing industries, such as automobile and steel, will cause reduced employment in manufacturing plants.

## Institutional Leaders: Colleges and Community Centers

Sales for Institutional Feeders are expected to increase from $15.6 billion in 1979 to $16.9 billion in 1980, representing an 8.0 percent advance. We believe that increases in labor and energy costs for Institutional Feeders are not felt as strongly as they are for Commercial Foodservice and that the actual effect of increases in these costs is difficult to ascertain. One of the premises of out 1980 forecast for the Institutional Group is, therefore, that sales increases for these operators are related primarily to increases in food costs. We anticipate a real decline in sales in 1980 because of a reduction in institutional populations and a lessening of Congressional support for community programs. In addition, a contraction in the transportation sector for such things as high priced cruises, and a continuation of cost pressures for clubs and sporting facilities will

*(continued on page 15)*

NATIONAL RESTAURANT ASSOCIATION

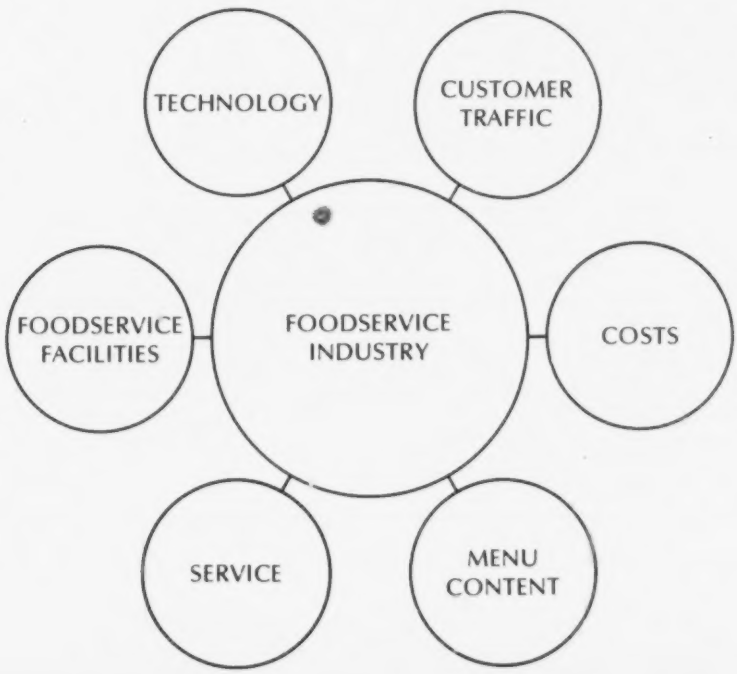
# THE NEXT DECADE: WHAT LIES AHEAD FOR THE FOODSERVICE INDUSTRY

The foodservice industry will be facing a favorable operating environment in the Eighties and can expect continued growth. Changes in the demographic make-up of the population, changes in consumer lifestyles, new technology and the ability to capitalize on the success of the industry in the Seventies will all contribute to the good health of the foodservice industry in the decade head.

The National Restaurant Association has examined the major challenges and primary industry responses in several key areas of the foodservice industry, and presents this information in the following pages of this special supplement. **The approach taken here is to examine six key areas—Customer Traffic, Costs, Menu Content, Service, Foodservice Facilities and Technology.** Some overlapping of responses to these areas does occur, especially with the energy challenge facing the industry and its impact on customer traffic, operating costs and technology. However, we feel that readers will find our method of presentation more useful, particularly if they desire to concentrate their efforts on one or two specific areas.

The final section of this supplement depicts highlights of the foodservice industry itself in the 1980's, featuring international expansion, expansion of foodservice sales, changes in the fast food sector and changing make-up of industry firms.

Persons desiring further explanation of this qualitative forecast of the foodservice industry in the Eighties or requiring additional copies should address such requests to Patricia Pinto, Director of Planning and Information Services, or Bette Hoyt, Research Associate and Editor of *Foodservice Trends*.



## THE EIGHTIES: WHAT LIES AHEAD FOR THE FOODSERVICE INDUSTRY

# CUSTOMER TRAFFIC

| Major Challenges | Primary Industry Responses |
|---|---|
| Continued rises in menu prices. | • Delay further minimum wage increases and reduction in the tip credit mandated by law as means to decrease labor cost component of serving and preparing a restaurant meal.<br>• Use more self service (salad bars, etc.) as means of reducing number of employees needed and therefore reduce labor cost component of the restaurant meal.<br>• Use more varied menus to take advantage of lower cost foods to decrease food cost component of the restaurant meal.<br>• Use more energy efficient equipment and energy efficient buildings to reduce energy cost component of the restaurant meal.<br>• Use advertising and promotion to emphasize price/value relationships of meal away from home. |
| Continued and more intense competition among all foodservice units as well as between the foodservice industry and the grocery store industry. | • Stress service and convenience as means to gain competitive edge.<br>• Advertise eating out as a form of entertainment to a greater extent.<br>• Strive to keep menu price increases to a minimum to remain competitive.<br>• Emphasize price/value relationships of meal away from home versus meal at home. |
| Gasoline shortages, both nationally and regionally, will affect consumer habits. | • Examine past gasoline shortages in order to capitalize on industry strong points, e.g., convenience, form of entertainment, etc.<br>• Seek out convenient locations which will be hurt less by gasoline shortages; i.e., areas near recreation centers, retail centers, major metropolitan areas.<br>• Make better use of advertising and promotion to assure consumers that they can get to and from establishment as well as working with business in surrounding area to promote area and its location.<br>• Continue work in the government affairs area to insure that energy legislation is not detrimental to the industry. |
| Energy prices will continue to rise due to short supplies and decontrol of oil. | • Use advertising as a means to show bargain of eating out in an attempt to gain a larger share of consumer's disposable income. |

| | |
|---|---|
| | • Improve distribution system as a means to cut transportation costs due to higher fuel prices. |
| Continued economic uncertainties will plague consumers. | • Place emphasis on service and eating out as a form of entertainment during downturns in the economy.<br>• Ascertain where industry strengths and weaknesses lie in a recession and use this to combat economic slowdowns. |
| Continued changes in the demographic make-up of the population—higher incomes, increased proportion of senior citizens, smaller households, more working women. | • To accommodate the trend toward singles and smaller party sizes, operators will rearrange seating and maximize the number of customers they can serve.<br>• Adjust menu offerings and offer smaller portions and attract senior citizens.<br>• Use advertising geared toward attracting specific growth segments, e.g., senior citizens, singles, the 45 to 64 age group. |
| Lifestyle changes (role of women in society, eating out accepted as part of life, trend toward healthiness) will mean consumers are more health conscious and more demanding. | • Adjust menus to offer smaller portions as consumers continue to cut back on the amount they eat.<br>• Implement new and different ways of preparing foods, e.g., steaming vegetables, broiling and baking meats.<br>• Use new and different foods to take advantage of changing consumer consumption patterns; e.g., fresh vegetables, salads, yogurt, fruit juices.<br>• Take advantage of location near leisure/recreation areas as consumers find ways to take advantage of their increased leisure time.<br>• Differentiate between eating out as entertainment and eating out as a necessity in order to maximize advertising and promotional effectiveness.<br>• Offer some nutritional information as consumers become more educated about which foods they should or want to avoid. |

## THE EIGHTIES: WHAT LIES AHEAD FOR THE FOODSERVICE INDUSTRY

## COSTS

| Major Challenges | Primary Industry Responses |
|---|---|
| Continued rise in labor costs will primarily be due to legislation, inflation and increased efforts of unionization. | • Use more self service and automation in order to reduce number of employees.<br>• Concentrate on increased productivity by emphasizing the use of more efficient equipment and advanced management techniques. |

| | |
|---|---|
| | • Play an important role in government affairs, particularly when dealing with legislation involving the minimum wage and labor law reform.<br>• Continue emphasis on good management and supervision as means to prevent unionization of the industry's labor force. |
| Energy costs will continue to rise. | • Implement ways to conserve energy usage in foodservice establishments such as energy efficient equipment, training employees in energy conservation, new methods of preparing food.<br>• Utilize new and alternate energy sources such as natural gas, coal and solar energy.<br>• Use re-cycling of energy within the foodservice unit, e.g. use heat from cooking to heat water.<br>• Reduce hours of operation. |
| Increases in food prices will be due more to transportation and packaging costs than to actual farm commodity prices. | • Use lower cost foods such as pork and chicken when beef prices are high, more use of flexible menus.<br>• Examine distribution channels and find ways to shorten such channels, e.g., buy in quantity, order less often.<br>• Expand into food processing and packaging which will be particularly feasible for large operators. |

## THE EIGHTIES: WHAT LIES AHEAD FOR THE FOODSERVICE INDUSTRY

# MENU CONTENT

| Major Challenges | Primary Industry Responses |
|---|---|
| Greater concern by consumers in the relationship between diet and good health and consumer desire for "total fitness." | • Make menu additions and deletions which will be responding to consumer needs such as more salads, yogurt, fruit juices and less "fried foods, sweets, starches."<br>• Change amount of food offered and methods of preparation to take advantage of changing lifestyles and demographic characteristics.<br>• Provide more nutritional information on a voluntary basis for that segment of consumers that might have more of an interest in what they are eating.<br>• Identify menu items as "fresh," "frozen," etc. for sake of accuracy. |
| Moves by consumer groups to initiate legislation and regulation aimed at accuracy in menu and the providing of nutritional information. | • Take initiative in providing nutritional information and thereby avoid excessive and restrictive government (Federal, State, and Local) regulation and legislation. |

| | |
|---|---|
| | • Use of more nutritional information on menu and food packaging materials, particularly by large chains.<br>• Become more involved in government regulatory and legislative process concerning accuracy in menu and food labeling. |
| Food costs and energy costs. | • Incorporate less expensive items in the menu mix such as soups, pasta.<br>• Use foods which when preparing require little energy such as oriental Wok cooking and Mexican cooking. |

## THE EIGHTIES: WHAT LIES AHEAD FOR THE FOODSERVICE INDUSTRY

## SERVICE

| Major Challenges | Primary Industry Responses |
|---|---|
| Increasing difficulty in attracting and retaining employees due to a reduction in the size of important segments of the labor force, perceived low wages and restrictive regulations. | • Increase dependence on women and the over 65 because of decline in the proportion of teenagers in the labor force.<br>• Use more self-service and automation to reduce number of employees needed and to offer faster and more efficient service.<br>• Increase usage of training programs to insure quality of service by employees.<br>• Place greater emphasis on career aspect of employment in the industry rather than job aspect. |
| Greater recognition that service can provide a competitive edge. | • Aim promotions and advertising at service.<br>• Realize that foodservice establishments with good service are better able to distinguish themselves from others.<br>• Make dining out a memorable experience.<br>• See greater need for measuring customer satisfaction in relation to service. |
| Improvements in service which specialize in making eating out convenient and entertaining. | • Use more elaborate take-out meals such as complete gourmet dinners.<br>• Use of meals-on-wheels, bring the restaurant meal to the patron when the patron can't come to the restaurant. |

THE EIGHTIES: WHAT LIES AHEAD FOR THE FOODSERVICE INDUSTRY

# FOODSERVICE FACILITIES

| Major Challenges | Primary Industry Responses |
|---|---|
| Increased construction costs. | • Use more leasing of properties rather than purchasing properties due to the high cost of real estate.<br>• Depend less on free-standing locations and more on inside facilities in shopping centers and office buildings.<br>• Use more uniform building designs, particularly for major chains, to decrease architectural and building costs.<br>• Examine expansion plans more carefully and cut back on number of units opened each year.<br>• Construct more satellite, take-out operations which offer drive-up, walk-up service. |
| Increased operating costs. | • Install more energy efficient and labor saving equipment.<br>• Use more efficient management techniques to increase productivity as well as to keep operating costs to a minimum.<br>• Design units to be energy efficient, possibly build units with no windows. |
| Increased importance of location. | • Locate foodservice establishments near other retail and recreational facilities so consumer can combine trips.<br>• Implement more sophisticated site location techniques which utilize demographic analysis of area to be served and which will be more easily available to small operators.<br>• Shift site location emphasis to inner city re-development areas and smaller and medium size cities. |
| Demographic and lifestyle changes cause rearrangement of inside facilities. | • Installation of seating for singles and smaller party sizes.<br>• Installation of salad bars to take advantage of health consciousness of consumers. |

THE EIGHTIES: WHAT LIES AHEAD FOR THE FOODSERVICE INDUSTRY

# TECHNOLOGY

| Major Challenges | Primary Industry Responses |
|---|---|
| More efficient equipment will continue to be introduced for foodservice operation. | • Greater use by large and small operators of energy saving equipment aimed at energy management.<br>• Adopt labor saving devices (automated and self service equipment) in order to cut labor costs and improve productivity.<br>• Use equipment which can measure energy used in the foodservice establishment, especially by larger chains, and which allows industry to know more about how much energy it is using and how to conserve on energy usage.<br>• Use of equipment built with micro-processors which automatically turn on and off.<br>• Use equipment designed to be used all at once or in parts; e.g. operator can use one section of grill without turning on whole grill for cooking during off-peak hours.<br>• Introduction of new foods, food packaging and food preparation.<br>• Increase use of microwave and convection ovens to shorten preparation time and cut costs, especially by small operator.<br>• Be more receptive to packaging which can allow the consumer to purchase total meal for consumption immediately or later and allow operator to store and prepare food in same package.<br>• Take advantage of new methods of food preparation which are needed because of changing lifestyles. |
| Advancement of computer technology. | • Increased use of computers for inventory control and cost reduction procedures, by large and small operators alike as costs for this type of equipment decline.<br>• Use computer technology (point of sale terminals, electronic cash registers) to track consumer buying habits, i.e., use for marketing analysis. |

# THE FOODSERVICE INDUSTRY IN THE EIGHTIES

- **International Expansion**
  - —U.S. firms will utilize licensing agreements with overseas firms as the major means of expansion in foreign countries.
  - —Major chains will develop advanced selection techniques for choosing best countries for expansion.
  - —U.S. firms will be faced with more internal competition from foreign countries as they expand in this country.
  - —U.S. firms will alter foods offered and food preparation to take advantage of cultural differences.
  - —International firms will find the U.S. an attractive place to invest; combine their capital with U.S. foodservice marketing expertise.
- **Continued Expansion of Foodservice Industry Sales**
  - —Foodservice industry will gain more of the consumer food dollar; actually reach the 50 percent mark.
  - —Grocery stores will expand food preparation for take out and contribute to the increasing share of the food dollar spent on meals away from home.
  - —Convenience stores, which may have a similar customer base to that of the fast food sector, will further expand their foodservice business.
- **Change in the Fast Food Sector**
  - —Increase in fast food sales in the U.S. will come primarily from increasing sales in existing units through menu expansion rather than through new unit expansion.
  - —As fast food chains expand their menus they will take on the appearance of a coffee shop.
  - —Competition will continue to be intense and chains will rely heavily on advertising and promotions.
  - —More major chains will have waiter/waitress service at certain meal times.
  - —New types of fast food chains, Japanese and French, will gain importance.
- **Changing Make-Up of Industry Firms**
  - —Food processors and distributors will move into foodservice and vice versa; vertical expansion.
  - —Mergers and acquisitions of large chains by conglomerates will reduce number of firms in the industry.
  - —Diversified organizations operating in the foodservice industry will recognize the return on investment opportunities in their restaurant and foodservice divisions and place more marketing and corporate emphasis on these divisions.
- **Miscellaneous**
  - —Regional successes with cafeterias as they continue to be able to capitalize on delivering variety and quality food and meet important consumer needs.
  - —Themes and fads utilized by operators for such things as decor and menu offerings will be flexible so they can be changed easily and reflect new themes and fads.
  - —Greater focus on supplying meals to persons who cannot come to the restaurant—meals on wheels.

**INDUSTRY SALES** *(continued from page 6)*

adversely affect Institutional Foodservice sales next year.

**Employee feeding** sales gains will be less than those for food contractors because of a reduction of manual feeding in small and medium sized plants. As a result, employee feeding sales will be up only 7.8 percent, compared to the three year average sales gain of 8.8 percent.

The enrollment decline in high schools and elementary schools are primarily responsible for the modest 7.0 percent increase in public and parochial **elementary and secondary school feeding.** Participation rates in school lunch programs, however, should remain relatively stable.

Foodservice sales to **transportation** will moderate as traffic growth on airlines slows. Gains in traffic for cruise ships should be low and those for railroad travel are uncertain due to reductions in scheduled service to some areas.

**Hospitals** show only a 7.8 percent sales gain for 1980 compared to an 8.9 percent compound annual gain for 1977 to 1980. The number of patients continue to decline as the staff and number of out-patient visits increase. Community hospitals continue to experience some patient growth.

Institutional feeding sales at **nursing homes** will be up 8.9 percent in 1980. Their rate of growth has slowed down due to limited increases in facilities and the high cost of nursing care.

**Clubs and sporting and recreation camps** are projected for a 7.3 percent sales increase. High costs continue to squeeze these institutions and the prospects for any improvement are dim.

The projected growth of 11.2 percent in **community center** food and drink sales reflects a concern, although a diminishing concern in the face of high costs, by Congress to continue to fund these programs in the same manner they have done in the past.

### Military Sales Growth Continues Below Industry Average

Military foodservice sales are expected to increase 6.8 percent in 1980, considerably below the overall industry sales growth of 9.1 percent. However, the 6.8 percent rate is above the three year average annual rate of 4.7 percent, due to the relative price advantages of these establishments.

## 1980 ECONOMIC OUTLOOK

Among the premises upon which our forecast is based is that the nation will experience a recession next year but that it will be shorter and milder than average. We expect the economic upturn to begin in the third quarter of 1980 following three consecutive quarterly declines in real GNP.

NRA's 1980 forecast is based on a review of general economic forecasts for 1980 by some of the nation's leading economists. We agree with their consensus projection for real GNP to decline by one percent in 1980 after a gain of 2.0 percent this year. Inflation, as measured by the Consumer Price Index and heavily influenced by rising mortgage interest rates and rising energy costs, is expected to continue at a double digit 10.3 percent rate next year. The CPI advance is expected to slow from this years' 11.0 percent rate, however. Another measure of inflation, which may be more indicative of the actual rate of increase for consumer prices is the GNP deflator. The GNP deflator, which does not reflect current mortgage rates, is projected to rise 8.8 percent in 1980, moderating slightly from its 9.0 percent gain in 1979.

Personal income growth is projected to slow to an 8.3 percent increase in 1980 based on the Chase Econometric forecast, following a gain of 11.7 percent this year. Real disposable income, or that which consumers have left after taxes, will remain unchanged in 1980 after an increase of 2.0 percent in 1979.

The projections for no real growth in disposable income and stepped up debt repayment from the record high indebtedness consumers have incurred this year have led Chase Econometrics to forecast a gain in consumer spending of only 0.3 percent in real terms. Spending on large ticket durable items such as automobiles will be especially hard hit and is expected to decline 3.9 percent in real terms. Spending for nondurable items such as restaurant meals and groceries is projected to post a marginal gain of 0.4 percent.

Chase Econometrics in their recent forecast has pointed out that there are two major factors which could further depress the outlook for 1980. If consumers suddenly increase their savings rate from its current low of 4.1 percent of the income level to a more normal 5 to 6 percent range, a drastic cutback in consumer spending would occur. The second factor raised by Chase could have a more serious effect on the restaurant industry. If OPEC oil production is sharply reduced, larger than anticipated price increases will occur and further erode consumer purchasing power. In addition, a resulting gasoline shortage similar to the one experienced in 1979 could again create serious problems for the industry in 1980.

# INDUSTRY SALES TOP $100 BILLION IN 1979

Total foodservice industry sales in 1979 will reach $102.8 billion, up about 9.0 percent from $94.4 billion in 1978. Sales for the Commercial Segment will equal $86.6 billion in 1979 up 9.0 percent over 1978, while Institutional foodservice sales will be up 8.6 percent. Sales for the Military Segment, which were $585 million in 1978, are expected to total $655 million in 1979, representing an increase of only 4.8 percent. Some interim revisions to our 1978 sales figures have been made based on data from the 1977 Census of Retail Trade as well as new employment and inflation information.

Eating places, which account for nearly 60 percent of total foodservice industry sales, are expected to have 1979 sales of $60.4 billion, an increase of 9.4 percent over 1978. This increase is considerably smaller than those experienced in the two prior years, both of which were in excess of 11 percent. NRA's forecast, published in July 1979, for eating place sales to rise about 12 percent has been revised downward because of two factors. First, the adverse effects of the gasoline situation lasted longer and were more severe than we anticipated. (See July, 1979 *Foodservice Trends*.) NRA estimates that nearly one percentage point of eating place sales growth was lost because of real or perceived shortages in gasoline this past summer. Second, personal income, which rose at a 12 to 13 percent pace in the first half of 1979, has been rising at a slower pace in recent months. Personal income in 1979 is now predicted to advance about 11.0 to 11.5 percent.

Menu prices in 1979, as measured by the Bureau of Labor Statistics' Consumer Price Index for food-away-from-home, will increase about 11.0 percent over 1978 prices, the first double digit increase since 1974. We feel that this 11.0 percent rise in menu prices is somewhat overstated because it is not based on actual consumption but on a fixed group of items. For example, the CPI measures a specific meal away from home such as a deluxe hamburger, french fries and medium size soft drink. If the consumer shifts his or her restaurant meal purchase from the previously mentioned meal to a lower priced meal consisting of a regular hamburger, french fries and a small size soft drink, the CPI will continue to measure the cost of the original meal. The consumer may actually be paying less for the meal away from home, but this would not be reflected in the CPI data. In addition the food-away-from-home index does not take into account the impact of price discounts due to promotions, and we know from CREST data that operators have been expanding their use of promotions in recent months. (See "CREST Quarterly Supplement" in the November *Foodservice Trends*.)

Based on a 9.4 percent eating place sales increase and an 11.0 percent rise in menu prices, it appears that real eating place sales actually declined by 1.6 percent this year, the first such decline registered by the industry in the Seventies. Readers are reminded, however, that this real sales change figure represents an industry average for all eating place categories, including both full service restaurants, fast food restaurants and cafeterias. Many restaurants throughout the country will fare much better in 1979 than these industry-wide figures indicate.

## Foodservice Industry Sales: 1978-1979

| | Food and Drink Sales (000) 1978 | 1979 | Percent Change |
|---|---|---|---|
| **Commercial** | $79,435,113 | $ 86,568,444 | 9.0% |
| Eating Places | 55,239,245 | 60,448,306 | 9.4% |
| Rest. & Lunch. | 29,810,089 | 32,164,093 | 7.9% |
| Comm. Cafeterias | 1,878,804 | 1,996,418 | 6.3% |
| Lim. Menu | 21,757,488 | 24,356,086 | 11.9% |
| Soc. Caterers | 720,999 | 745,369 | 3.4% |
| Ice Cream, etc. | 1,071,865 | 1,186,340 | 10.7% |
| Bars and Taverns | 6,678,224 | 7,055,677 | 5.6% |
| Eating and Drinking Places | 61,917,469 | 67,503,983 | 9.0% |
| **Institutional** | 14,356,000 | 15,598,764 | 8.6% |
| **Military** | 584,777 | 613,066 | 4.8% |
| **Total FSI** | 94,375,899 | 102,780,278 | 8.9% |

# INDUSTRY SALES DOUBLE IN THE SEVENTIES

Changing population characteristics such as smaller families, more working women and higher family incomes together with changing lifestyles exemplified by the increased desire for convenience and the changing role of women in society have been very beneficial to the foodservice industry in the Seventies. Consumers now eat out more often than they did in the early part of the decade, and they have begun to view eating out as a necessity as well as a recreational luxury. The proportion of the consumer food dollar spent on meals outside the home has risen from 33.1 percent in 1970 to nearly 40 percent in 1979.

The rise of the fast food restaurant with varied menu items ranging from hamburgers to chicken, pizza and other ethnic foods has enabled whole families to eat out less expensively than was possible in the Sixties. Fast food restaurants have catered to the public's desire for a good, quick meal at a low price as well as the desire for convenience.

## Sales Rise From $43.3 Billion to $102.8 Billion

Total foodservice industry sales have more than doubled during the Seventies, from $43.3 billion in 1970 to $102.8 billion in 1979. This represents an average annual gain of 9.0 percent during the decade. The Commercial Segment of the industry, which accounts for nearly 85 percent of the sales and includes eating and drinking places, foodservice contractors, hotel and motel restaurants and restaurants in retail establishments, has grown at an annual rate of 9.4 percent during the Seventies, slightly faster than the industry as a whole. Sales for the Institutional Segment, including business, educational, governmental and institutional organizations which operate their own foodservice, have increased at a slower paced 7.7 percent per year from 1970 through 1979, considerably below the 9.0 percent annual rate for the industry. Military foodservice sales have remained relatively flat during the decade.

The accompanying table summarizes sales information for the three main segments of our industry along with information for several important categories such as eating places, limited menu restaurants, foodservice contractors and hotel and motel restaurants.

### Foodservice Industry Sales: 1970-1979

| | Sales (In Billions) 1970 | 1979 | Percent Change 1970-1979 | Average Annual Percent Change |
|---|---|---|---|---|
| **Commercial Feeding** | $35.4 | $86.6 | 144.6% | 9.4% |
| Eating Places | $22.2 | $60.4 | 172.1% | 10.5% |
| Rest. & Lunch. | $13.7 | $32.2 | 135.0% | 8.9% |
| Cafeterias | $ 1.3 | $ 2.0 | 53.8% | 4.4% |
| Limited Menu Rest. | $ 6.4 | $24.4 | 281.2% | 14.3% |
| Social Caterers | $ 0.6 | $ 0.7 | 16.7% | 1.5% |
| Ice Cream, Frozen Custard Stands | $ 0.3 | $ 1.2 | 300.0% | 14.9% |
| Contractors | $ 2.4 | $ 6.1 | 154.2% | 9.8% |
| Hotel/Motel Rest. | $ 2.6 | $ 5.9 | 126.9% | 8.5% |
| Retail Host Rest. | $ 1.7 | $ 3.4 | 100.0% | 7.2% |
| Recreation & Sports Center Rest. | $ 0.5 | $ 1.2 | 140.0% | 9.2% |
| **Institutional Feeding** | $ 7.4 | $15.6 | 110.8% | 7.7% |
| **Military Feeding** | $ 0.6 | $ 0.6 | N.C. | — |
| **Total Foodservice Industry** | $43.3 | $102.8 | 137.4% | 9.0% |

## "Fast Food" Sales Nearly Quadruple During Seventies

Sales for eating places, which account for nearly 70 percent of the Commercial Segment, nearly tripled from $22.2 billion in 1970 to $60.4 billion in 1979. This represents an average annual gain in sales of 10.5 percent during the ten years. Among eating places, sales for limited menu—fast food restaurants and ice cream and frozen custard stands have advanced at the fastest pace. Limited menu—fast food sales have nearly quadrupled, rising from only $6.4 billion in 1970 to $24.4 billion in 1979, for an average annual gain of 14.3 percent. Sales for ice cream and frozen custard stands, on the other hand, have increased at 14.9 percent per year during the Seventies. Average annual sales gains of 8.9 percent for restaurants and lunchrooms approximated that for the entire industry.

Foodservice sales for contractors, hotel and motel restaurants and retail host restaurants have all increased at a slower pace in the Seventies than have total industry sales. Food sales for recreational and sports centers, however, have risen at an average annual rate of 9.2 percent during the decade compared to the 9.0 percent advance for the industry.

## Real Eating Place Sales Growth Averaged 3.2 Annually Percent During the Seventies

During the Seventies prices for both food-at-home and food-away-from-home have increased at similar average annual rates, 7.4 percent and 7.3 percent respectively. Food-away rose at a significantly slower pace then food-at-home in 1972, 1973, 1974 and 1978. In 1979 both menu prices and grocery store prices are expected to advance 11.0 percent. Overall inflation, as measured by the Consumer Price Index has risen at an average

annual rate of 6.4 percent, considerably slower than both menu prices and grocery store prices.

Real eating place sales (sales adjusted for inflation) have averaged a 3.2 percent yearly gain during the Seventies. Inflationary pressures, primarily in the latter part of the decade have caused real eating place sales growth to slow, however.

In summary, the foodservice industry has enjoyed exceptional growth during the Seventies and has weathered both good and bad economic times.

## 1980 FOOD SUPPLY AND PRICE OUTLOOK

In early November the U.S. Department of Agriculture held its annual Food Outlook Conference, highlights of which are presented in this article. We have summarized USDA's forecast for food-at-home and food-away-from-home prices as well as the outlook for wholesale meat prices and supplies.

The Department of Agriculture expects overall food prices to moderate in 1980 from this year's double digit pace. The farm value of food will rise only one percent in 1980, while costs for transportation, labor, energy and packaging will be up a combined 10.0 percent, according to Kenneth Farrell of USDA. Thus, retail food prices, prices paid for food at the grocery store by consumers, are expected to advance 7.0 percent next year. Because the foodservice industry will be faced with higher labor and energy costs, USDA predicts menu prices will rise at a 9.7 percent pace, substantially faster than grocery store prices. NRA also expects menu prices to rise 9.7 percent in 1980.

During the first half of 1980 supplies of meat, particularly pork and poultry, will be larger than during the first half of 1979. As a result, pork and poultry prices will be lower and increases in beef prices will be less sharp than those of early 1979. Production costs will be higher because of higher feed costs, but demand for meat will probably be down due to the weaker economy during the first six months of next year. In the last half of 1980, pork and poultry producers may cut back on production because of the poor rate of return they are receiving. In addition, the economy will be moving out of the recession, and demand for meat will most likely increase. Thus, it is very likely that wholesale prices for all types of meats will rise in the last half of 1980 over their first half levels.

### NRA Opens New Headquarters in Washington, D.C.

On November 26th the National Restaurant Association moved into its new headquarters in Washington, D.C. NRA's new address, phone number and new toll-free number are:

**National Restaurant Association**
**311 First Street, N.W.**
**Washington, D.C. 20001**
**Phone: 202-638-6100**
**Toll-Free: 800-424-5156**

We will still maintain an office in Chicago which will have the same address and phone number as before along with the same toll-free number, 800-621-1770. NRA's annual trade show will continue to be held in Chicago, and our Convention and Education Departments will also remain in Chicago.

Departments now located in Washington include: Legislative, Public Affairs, Planning, Research, Information Resource Center, Membership, Political Education, Personnel and Finance. In addition, the Educational Materials Center and the Accounting Department will move to Washington in the Spring of 1980.

FOODSERVICE TRENDS

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